Modernisation of Durgapur Steel Plant

1684. SHRI JIBON ROY:
SHRI NILOTPAL BASU:

Will the Minister of STEEL be pleased to state:

(a) what is the revised date of completion of the modernisation of Durgapur Steel Plant;

(b) what is the time and cost over run and the reasons for the same; and

(c) whether contractors responsible for the delay in their respective fields have been penalised and if so, what action has been taken?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): (a) A number of units of modernisation of Durgapur Steel Plant have been already commissioned and the revised date of completion of the remaining facilities is June, '95.

(b) On an overall basis there is a total time over run of 2 years and 3 months with respect to the approved completion schedule of March '93.

The main reasons for the time over run have been the delays in supplies from CIS due to disintegration of the erstwhile USSR, substantial increase in quantities of work due to under-estimation by the main contracting agencies and inadequate mobilisation of resources by them, delays in equipment supplies from indigenous sources, etc.

As per the latest assessment of Steel Authority of India Limited (SAIL), there is a 68 per cent of cost over run over the approved cost estimate of Rs. 26667.6 Crores.

91 per cent of cost over run is due to monetary and fiscal reasons like price escalation, foreign exchange parity, statutory taxes and duties, interest rate, etc. The remaining 9 per cent of the cost over run is due to the physical reasons like change in volume/scope of work, additional items if any etc.

(c) Liquidated damages are to be levied on the contractors found responsible for delays as per the provisions of the contracts. Liquididated damages have been already deducted from the payments of a few contractors and the final settlement will be done at the time of closing of contracts.

Contracts for Modernisation of Steel Plants

1685. SHRI JIBON ROY: Will the Minister of STEEL be pleased to state:

(a) whether Government are planning to award contracts on turnkey basis for the modernisation of steel plants as has been done in the case of Durgapur and Rourkela steel plants; and

(b) on what consideration turnkey contracts were awarded when SAIL is capable for undertaking the job on units-rate itemwise basis?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): (a) Yes, Sir. For the Bokaro Steel Plant modernisation, Steel Authority of India Limited have decided to place orders for the global packages on turnkey basis.

(b) In Steel Authority of India Limited (SAIL), turnkey contracts are mainly being awarded for large Projects with a view to minimising the cost & time over-run in the Projects and also to fix up the responsibilities of overall performance on the main contractor.

The disaggregated approach of implementation for large Projects has been found to be ineffective in the past. However for smaller packages of work, jobs are also being given on unit-rate basis.